

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1777 – SB 2535

February 28, 2014

SUMMARY OF BILL: Creates the “Go Build Fund (GBF)” for the purpose of promoting and fostering career opportunities for secondary and post-secondary students in the construction services industry. Authorizes certain, specified state agencies and departments to provide staff and other assistance to the GBF. Requires the GBF to be administratively attached to the Department of Education (DOE). Authorizes the state to partner with a nonprofit public benefit corporation in order to address a national demand for a highly skilled workforce in the construction industry. Establishes criteria for the named nonprofit public benefit corporation. Levies an annual flat fee of \$250, to be collected and administered by the Department of Economic and Community Development (ECD), on all employers classified as construction services providers to establish a funding mechanism for the Go Build Fund. Establishes procedures, rules, and parameters for ECD in administering collections and dispersing of funds. Subjects the nonprofit benefit corporation to audit examinations conducted by the Comptroller of the Treasury. Authorizes DOE to create a 12-member advisory board; two of which will be appointed by the Speaker of the Senate; two of which will be appointed by the Speaker of the House of Representatives; and two of which will be appointed by the Governor.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - Exceeds \$550,000/Go Build Fund

Increase State Expenditures – Exceeds \$550,000/Go Build Fund

Other Fiscal Impact – There could be secondary economic impacts occurring as a result of this bill. Any impacts attributable to secondary economic impacts cannot be quantified because such impacts are dependent upon multiple unknown factors.

Assumptions:

- ECD estimates 11,000 construction services providers in the state.
- Based on information provided by ECD, at least twenty percent (or 2,200) will be compliant with paying the mandated fee. Total recurring revenue to the GBF is estimated to exceed \$550,000 (\$250 x 2,200).
- Any administration costs incurred to implement the provisions of this bill will be funded by revenue deposited to the GBF.

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- Any fee revenue remaining in the GBF after payment of all administrative and implementation costs will be expended to accomplish the purposes of the bill.
- According to ECD, the program will require two additional staff members to implement the provisions of the bill. Recurring expenditures for salary, benefits, and other costs related to the position are estimated to be \$176,650.
- According to ECD, an electronic database will be required to manage the collection of fees and tracking of participants. The one-time increase in expenditures for development is estimated to be \$70,000. Recurring expenditures for annual maintenance is estimated to be \$20,000.
- Based on information provided by the Department of Education, the department will be subjected to increased expenditures as a result of administration. The recurring increase in expenditures is estimated to be \$55,000, which includes any costs for reimbursing expenses to members of the newly-created task force.
- FY14-15 expenditures from the GBF are estimated to be \$301,650 (\$70,000 database development + \$176,650 employee costs + \$55,000 administrative costs). Therefore, an amount estimated to exceed \$248,350 (\$550,000 revenue - \$301,650 expenses) will be utilized to accomplish the purposes of the bill.
- FY15-16 expenditures from the GBF are estimated to be \$251,650 (\$20,000 database maintenance + \$176,650 employee costs + \$55,000 administrative costs). Therefore, an amount estimated to exceed \$298,350 (\$550,000 - \$251,650) will be utilized to accomplish the purposes of the bill.
- There could be secondary economic impacts occur as a result of this bill if additional construction projects are undertaken within the state that would not have occurred in the absence of the bill; if additional construction jobs are created; and if income for construction jobs increase. Any impacts attributable to secondary economic impacts cannot be quantified for they are dependent upon multiple unknown factors.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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